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Vietnam

Oilseeds and Products

Peanut Update

2003

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Report Highlights: Vietnam's peanut growing area is relatively stable at 245,000-250,000 hectares, but, due to better varieties and yields, production has hit new record highs around 400,000 metric tons (in shell basis). Exports in 2003 (estimate is 90,000 mt – shelled basis) are down in volume compared with 2002's exports (105,000 mt) but up in value because of higher export prices.

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PRODUCTION

Vietnam's peanut production up due to improving crop yields

Vietnam's 2003 peanut area (250,000 hectares) is estimated slightly up from 2002's level (247,000 ha) because of farmer satisfaction with new peanut varieties that are more resistant to drought and diseases. The 2003 crop yield is estimated at roughly the 2002's level, therefore, the crop production will be around 400,000 mt (in shell basis).

Vietnam's 2002 peanut production increased to 397 thousand metric ton (tmt) from 363 tmt in 2001 because of yield improvements from higher yielding, drought and disease resistant peanut varieties. Vietnam's average peanut crop yield increased to 1.6 mt/ha in 2002, up from 1.5 mt/ha in 2001 crop (see table 1). The new peanut varieties being cultivated include LV14 and LV18 that were developed by Vietnam's National Agricultural Research Institute.

Peanuts can be cultivated across the nation, but the North Central Coast and the South West regions are the biggest producing areas. Most of the peanuts exported by Vietnam are from those two regions. According to Vietnam's statistical data, the 2002 peanut area in the North Central Coastal region was 74 thousand hectares (tha) or about 30% of the total crop area, while the peanut area in the South West region was 44 tha (about 18% of total peanut area).

Nghe An province of the North Central Coast and Tay Ninh province in the South West (SW of Ho Chi Minh City, but actually called the North-East Southern region!) are the two leading peanut producing provinces. In the 2002 crop, peanut production in Tay Ninh was 61 tmt on the area of 21 tha while the crop production in Nghe An province was 40 tmt on the area of 23 tha.

Table 1: Vietnam peanut productions by regions – In-Shell (with a Shell) Basis

	1999			2000			2001			2002		
	(tha)	(mt/ha)	(tmt)	(tha)	(mt/ha)	(tmt)	(tha)	(mt/ha)	(tmt)	(tha)	(mt/ha)	(tmt)
North Vietnam	142	1.2	168	139	1.4	194	145	1.4	209	144	1.6	226
Red River Delta	25	1.5	38	30	1.8	53	31	1.8	56	31	1.9	58
North East	38	0.9	36	32	1.1	35	33	1.3	41	32	1.2	39
North West	6	0.8	5	7	1.0	7	7	1.0	7	7	1.0	7
North Central Coast	72	1.2	89	70	1.4	98	75	1.4	105	74	1.6	121
South Vietnam	106	1.4	151	106	1.5	162	99	1.5	154	103	1.7	171
South Central Coast	27	1.3	35	26	1.3	35	26	1.4	35	24	1.4	34
Central Highland	18	1.0	19	22	1.2	26	23	1.3	29	25	1.1	26
North-East South	51	1.6	81	49	1.7	82	42	1.7	73	44	2.0	87
Mekong River Delta	10	1.5	16	9	2.2	20	8	2.0	17	11	2.2	23
TOTAL VIETNAM	248	1.3	319	245	1.5	355	245	1.5	363	247	1.6	397

Source: Vietnam's Statistical Office

Peanut Growing Cycle

In the Northern provinces, peanuts are mainly planted as a Winter-Spring crop, with planting in late January to the middle of February. The harvest for the W-S peanut crop occurs in June-July. Peanuts are generally available for export beginning in July. Another peanut crop (Autumn-

Winter) in the North is planted in the middle of September with the harvest in December. However, the W-S peanut crop makes up about 90% of the crop grown in Northern regions.

In the South, the main peanut crop is planted in December and harvested in March-April. Therefore, these peanuts are available for export from April. There is another peanut crop planted in June and harvested in October-November, but the area of that crop is very small.

Due to the long growing period (4 months), peanuts are often planted in land areas that are suitable for a rice crop. The cropping cycle in most peanut areas is rice-soybean-peanuts.

Peanut storage

After harvest, peanuts are dried by sun (in the North) or by machine dryers (in some areas in the South). Peanuts are mainly stored in bags (in shell) in warehouses equipped with ventilators. There is a small cold storage facility used for seed peanuts only.

PRICE

(Exchange rate: Vietnamese Dong (VND) 15,750 equal \$1 as of December 1, 2003)

Domestic prices

Domestic prices in 2003 are stable compared with prices last year. As of the first week of November 2003, domestic prices for grade 1 peanuts were VND 9,000-11,500/kg (\$0.25-\$0.33 / pound) in key peanut trading areas.

The Ministry of Agriculture and Rural Development (MARD) records retail prices for peanuts (from wet markets) on a weekly basis. However, these average retail prices are slightly higher than wholesale prices offered by peanut dealers/middlemen for export shipments.

Export prices

Vietnam's average peanut export price increased to \$576/mt for the first ten months of 2003, up from the 2002 crops average of \$485/mt. Part of the export price increase is due to 2003's generally higher quality peanuts. According to traders, peanut export prices are not expected to change much in the last two months of 2003 due to declining exports as supplies dwindle until the next crop.

TRADE

Peanut exports

In 2002, Vietnam exported about 105 tmt of shelled peanut, an increase of 34% compared with 2001's level. The export value was \$50.9 million (see table 2). Vietnam's peanuts were exported to 22 countries and territories. Asian countries are the major markets for Vietnam's peanuts. Indonesia, Thailand, Malaysia, Singapore and the Philippines were the top five peanut importers; together they purchased more than 88% of Vietnam peanut exports. Indonesia imported around 38 tmt, followed by Thailand (20 tmt), Malaysia (13 tmt), Singapore (11 tmt) and the Philippines took about 9.7 tmt. Other buyers included China, Laos, Cambodia, Spain and Canada.

Vietnam's peanut exports in the first ten months of 2003 were estimated at 80 tmt with an export value of \$46 million. Indonesia was the leading importer, having imported around 26 tmt of

Vietnam's peanut during January-August, 2003. About 15 tmt of peanuts were shipped to Thailand while Malaysia imported about 12 tmt, Singapore took 6 tmt and the Philippines purchased around 5.8 tmt in the same period.

Vietnam's 2003 (full year) peanut exports are estimated at 90 tmt, a slight decrease of 16-17% in volume compared with 2002. The reduction is probably due to higher domestic use (for peanut oil production) and fluctuating demand from traditional importing countries including Indonesia and the Philippines. However, the export earnings in 2003 will probably increase by 4% to \$52 million from \$46 million earned in 2002 owing better export prices (see table 2)

Table 2: Vietnam's shelled (without shell) Peanut Exports (1998-2003)

Year	Export volume (Thousand MT)	Export Value (Thousand Dollar)	Average price (\$/mt)
1998	87	42,048	483
1999	56	32,748	585
2000	76	41,013	540
2001	78	38,154	489
2002	105	50,900	485
Jan.-Oct. 2003	80	46,078	576
2003 est.	90	52,000	578

Source: Customs Department and FAS/VN

Vietnam's peanut exports in the last two months of 2003 are expected to be fairly low, as supplies are tight until the next peanut harvest (February 2004).

Any company (state-owned, joint-venture, private, etc.) can participate in exporting peanuts. However, most peanut exporters are state-owned enterprises (SOEs). Various intermediaries and dealers buy peanuts from the farmers and then sell them to the exporters. Reportedly, peanut exporters try to obtain a price margin about \$10/mt above their input costs.

CONSUMPTION

In Vietnam, peanuts are used as a cash (export) crop, for human consumption and peanut oil production. Depending on international prices, about 20-30 percent of the peanut production is for export, and the remaining is used for seed, the vegetable oil industry and human consumption. It is estimated that the per capita peanut consumption in Vietnam is about 0.9-1.0 kg/year.

In Vietnam, peanuts are consumed in many different forms. Roasted peanuts, peanut sauce, and peanut candy can be made by traditional methods, especially in rural areas. Peanuts are also used as materials for the confectionary industry. Processed and raw peanuts are sold in both wet markets and the most-modern supermarkets.

**Table 3: Vietnam's Shelled Peanut Production, Export and Domestic Consumption Trends
1997-2001**

Unit: Metric Ton – Shelled (Without Shell) Basis

	1997	1998	1999	2000	2001
Production	245,910	270,200	222,670	248,710	262,500
Import total	0	0	0	0	0
Export total	86,428	86,800	55,500	78,200	78,163
Total domestic use	159,482	183,399	167,169	170,511	184,337
for seed	14,214	15,618	12,870	14,279	14,178
Losses	16,684	18,331	15,107	16,875	17,829
Processing	64,292	74,725	69,596	69,678	76,165
Human consumption	64,292	74,725	69,596	69,679	76,165
Per capita consumption (kg/year)	0.9	1.0	0.9	0.9	1.0

Source: Vietnam's Food Balance Sheet. Ministry of Agriculture and Rural Development (MARD)

Data on peanut oil production is not available but it is estimated that Vietnam's annual peanut oil production is around 35-36 tmt.

According to traders, Vietnam was an exporter of peanut oil to the East European countries. Now, Vietnam only exports shelled peanuts due to better economic returns.

POLICY

Vietnam does not have any special policy for peanuts. There are general development, research and export programs, but nothing specific for peanuts.

Aflatoxin

Aflatoxin and other mold related problems are 'of concern' in Vietnam -- not only for peanuts, but also from corn, coffee, and many other crops. Vietnam's hot humid weather and poor infrastructure contribute to those concerns. The Ministry of Health and Ministry of Agriculture and Rural Development have several research programs investigating solutions. FAO has an on-going program examining mold-related concerns in coffee.